

SEPARABILITY

SEC. 13. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the remainder of the Act, and the application of such provision to other persons or circumstances shall not be affected thereby.

Approved, August 29, 1935, 3 p. m.

[CHAPTER 814.]

AN ACT

To further protect the revenue derived from distilled spirits, wine, and malt beverages, to regulate interstate and foreign commerce and enforce the postal laws with respect thereto, to enforce the twenty-first amendment, and for other purposes.

August 29, 1935.

[H. R. 8870.]

[Public, No. 401.]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Alcohol Administration Act."

Federal Alcohol Administration Act.

FEDERAL ALCOHOL ADMINISTRATION

Federal Alcohol Administration.

SEC. 2. (a) There is hereby created the Federal Alcohol Administration as a division in the Treasury Department.

Division established. *Post*, pp. 1964, 1965.

(b) The Administration shall be headed by an Administrator, who shall be appointed by the President, by and with the advice and consent of the Senate. The Administrator shall for his services receive compensation at the rate of \$10,000 per annum, together with actual and necessary traveling and subsistence expenses while engaged in the exercise of his powers and duties outside the District of Columbia. No person shall be eligible to appointment, or continue in office, as Administrator if he is engaged or financially interested in, or is an officer or director of or employed by a corporation engaged in, the production or sale or other distribution of alcoholic beverages, or the financing thereof.

Organization. Administrator; appointment, compensation.

Expenses.

Qualifications.

(c) The Administrator shall, without regard to the civil-service laws and the Classification Act of 1923, as amended, appoint and fix the compensation and duties of such officers and employees as he deems necessary to carry out his powers and duties, but the compensation so fixed shall be subject to the approval of the Secretary of the Treasury. The Administrator is authorized to adopt an official seal, which shall be judicially noticed.

Personnel; appointment, compensation.

Official seal.

(d) The Administrator is authorized and directed to prescribe such rules and regulations as may be necessary to carry out his powers and duties. All rules and regulations prescribed by the Administrator shall be subject to the approval of the Secretary of the Treasury.

Rules and regulations.

Approval of.

(e) Appropriations to carry out powers and duties of the Administrator shall be available for expenditure, among other purposes, for personal services and rent in the District of Columbia and elsewhere, expenses for travel and subsistence, for law books, books of reference, magazines, periodicals, and newspapers, for contract stenographic reporting services, for subscriptions for library services, for purchase of samples for analysis or use as evidence, and for holding conferences of State and Federal liquor control officials.

Appropriations. *Post*, pp. 1125, 1834.

(f) The Administrator may, with the consent of the department or agency affected, utilize the services of any department or other agency of the Government to the extent necessary to carry out his powers and duties and authorize officers and employees thereof to act as his agents.

Cooperation of Executive departments and agencies.

Federal Trade Commission Act; applicability of.
Vol. 38, p. 722; U. S. C., p. 517.

Reports to Administrator.

To Congress.

Unlawful businesses without permit.

(g) The provisions, including penalties, of sections 9 and 10 of the Federal Trade Commission Act, as now or hereafter amended, shall be applicable to the jurisdiction, powers, and duties of the Administrator, and to any person (whether or not a corporation) subject to the provisions of laws administered by the Administrator.

(h) The Administrator is authorized to require, in such manner and form as he shall prescribe, such reports as are necessary to carry out his powers and duties.

(i) The Administrator shall make a report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged, and shall include in such report the names and compensation of all persons employed by the Administration.

UNLAWFUL BUSINESSES WITHOUT PERMIT

SEC. 3. In order effectively to regulate interstate and foreign commerce in distilled spirits, wine, and malt beverages, to enforce the twenty-first amendment, and to protect the revenue and enforce the postal laws with respect to distilled spirits, wine, and malt beverages:

(a) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Administrator—

Importation of distilled spirits, wine, or malt beverages.

Interstate or foreign sale or delivery.

Effective date of subsection.

Unlawful manufacture.

Interstate or foreign sale or delivery through affiliate.

Effective date of subsection.

Unlawful purchasing for resale at wholesale.

Interstate or foreign sale or delivery through affiliate.

Effective date of subsection.

Post, p. 1152.
Section not applicable to State agency, etc.

(1) to engage in the business of importing into the United States distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so imported.

This subsection shall take effect sixty days after the date upon which the Administrator first appointed under this Act takes office.

(b) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Administrator—

(1) to engage in the business of distilling distilled spirits, producing wine, rectifying or blending distilled spirits or wine, or bottling, or warehousing and bottling, distilled spirits; or

(2) for any person so engaged to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits or wine so distilled, produced, rectified, blended, or bottled, or warehoused and bottled.

This subsection shall take effect sixty days after the date upon which the Administrator first appointed under this Act takes office.

(c) It shall be unlawful, except pursuant to a basic permit issued under this Act by the Administrator—

(1) to engage in the business of purchasing for resale at wholesale distilled spirits, wine, or malt beverages; or

(2) for any person so engaged to receive or to sell, offer or deliver for sale, contract to sell, or ship, in interstate or foreign commerce, directly or indirectly or through an affiliate, distilled spirits, wine, or malt beverages so purchased.

This subsection shall take effect March 1, 1936.

This section shall not apply to any agency of a State or political subdivision thereof or any officer or employee of any such agency, and no such agency or officer or employee shall be required to obtain a basic permit under this Act.

Permits.

PERMITS

Persons entitled to basic permit.

SEC. 4. (a) The following persons shall, on application therefor, be entitled to a basic permit:

(1) Any person who, on May 25, 1935, held a basic permit as distiller, rectifier, wine producer, or importer issued by an agency of the Federal Government.

(2) Any other person unless the Administrator finds (A) that such person (or in case of a corporation, any of its officers, directors, or principal stockholders) has, within five years prior to date of application, been convicted of a felony under Federal or State law or has, within three years prior to date of application, been convicted of a misdemeanor under any Federal law relating to liquor, including the taxation thereof; or (B) that such person is, by reason of his business experience, financial standing, or trade connections, not likely to commence operations within a reasonable period or to maintain such operations in conformity with Federal law; or (C) that the operations proposed to be conducted by such person are in violation of the law of the State in which they are to be conducted.

(b) If upon examination of any application for a basic permit the Administrator has reason to believe that the applicant is not entitled to such permit, he shall notify the applicant thereof and, upon request by the applicant, afford him due notice and opportunity for hearing on the application. If the Administrator, after affording such notice and opportunity for hearing, finds that the applicant is not entitled to a basic permit hereunder, he shall by order deny the application stating the findings which are the basis for his order.

(c) The Administrator shall prescribe the manner and form of all applications for basic permits (including the facts to be set forth therein) and the form of all basic permits, and shall specify in any basic permit the authority conferred by the permit and the conditions thereof in accordance with the provisions of this Act. To the extent deemed necessary by the Administrator for the efficient administration of this Act, separate applications and permits shall be required by the Administrator with respect to distilled spirits, wine, and malt beverages, and the various classes thereof, and with respect to the various classes of persons entitled to permits hereunder. The issuance of a basic permit under this Act shall not operate to deprive the United States of its remedy for any violation of law.

(d) A basic permit shall be conditioned upon compliance with the requirements of section 5 (relating to unfair competition and unlawful practices) and of section 6 (relating to bulk sales and bottling), with the twenty-first amendment and laws relating to the enforcement thereof, and with all other Federal laws relating to distilled spirits, wine, and malt beverages, including taxes with respect thereto.

(e) A basic permit shall by order of the Administrator, after due notice and opportunity for hearing to the permittee, (1) be revoked, or suspended for such period as the Administrator deems appropriate, if the Administrator finds that the permittee has willfully violated any of the conditions thereof, provided that for a first violation of the conditions thereof the permit shall be subject to suspension only; or (2) be revoked if the Administrator finds that the permittee has not engaged in the operations authorized by the permit for a period of more than two years; or (3) be annulled if the Administrator finds that the permit was procured through fraud, or misrepresentation, or concealment of material fact. The order shall state the findings which are the basis for the order.

(f) Orders of the Administrator with respect to any denial of application, suspension, revocation, annulment, or other proceedings, shall be served (1) in person by any officer or employee of the Administration designated by the Administrator or any internal

Refusal to issue.

Notification to applicant; hearing.

Applications for.

Authority conferred by permit to be specified.

Separate applications and permits; requirement.

Issue conditioned upon compliance with specified provisions.
Post, p. 981.
Vol. 48, p. 1749.

Revocation, suspension, or annulment of permits.

Statement of findings in order.

Service of orders of Administrator.

revenue or customs officer authorized by the Administrator for the purpose, or (2) by mailing the order by registered mail, addressed to the applicant or respondent at his last known address in the records of the Administrator.

Duration of permit.

When voluntarily transferred.
When transferred by operation of law, etc.

Proviso.
Application for new permit.

Appeal from order denying application.

Petition to be filed.

Time for filing.

Service of copy.

Filing transcript of record.

Jurisdiction of court.

Consideration of objections.

Findings of fact.

Leave to adduce additional evidence.

Modification of findings of fact.
New findings; filing.

Finality of judgment or decree.
Review.
Vol. 43, p. 938; U. S. C., p. 1271.

Commencement of proceedings to stay order of Administrator.

Limitation on power of Administrator to revoke or suspend permit.

(g) A basic permit shall continue in effect until suspended, revoked, or annulled as provided herein, or voluntarily surrendered; except that (1) if leased, sold or otherwise voluntarily transferred, the permit shall be automatically terminated thereupon, and (2) if transferred by operation of law or if actual or legal control of the permittee is acquired, directly or indirectly, whether by stock-ownership or in any other manner, by any person, then such permit shall be automatically terminated at the expiration of thirty days thereafter: *Provided*, That if within such thirty-day period application for a new basic permit is made by the transferee or permittee, respectively, then the outstanding basic permit shall continue in effect until such application is finally acted on by the Administrator.

(h) An appeal may be taken by the permittee or applicant for a permit from any order of the Administrator denying an application for, or suspending, revoking, or annulling, a basic permit. Such appeal shall be taken by filing, in the circuit court of appeals of the United States within any circuit wherein such person resides or has his principal place of business, or in the United States Court of Appeals for the District of Columbia, within sixty days after the entry of such order, a written petition praying that the order of the Administrator be modified or set aside in whole or in part. A copy of such petition shall be forthwith served upon the Administrator, or upon any officer designated by him for that purpose, and thereupon the Administrator shall certify and file in the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript such court shall have exclusive jurisdiction to affirm, modify, or set aside such order, in whole or in part. No objection to the order of the Administrator shall be considered by the court unless such objection shall have been urged before the Administrator or unless there were reasonable grounds for failure so to do. The finding of the Administrator as to the facts, if supported by substantial evidence, shall be conclusive. If any party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the proceeding before the Administrator, the court may order such additional evidence to be taken before the Administrator and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Administrator may modify his findings as to the facts by reason of the additional evidence so taken, and he shall file with the court such modified or new findings, which, if supported by substantial evidence, shall be conclusive, and his recommendation, if any, for the modification or setting aside of the original order. The judgment and decree of the court affirming, modifying, or setting aside, in whole or in part, any such order of the Administrator shall be final, subject to review by the Supreme Court of the United States upon certiorari or certification as provided in sections 239 and 240 of the Judicial Code, as amended (U. S. C., title 28, secs. 346 and 347). The commencement of proceedings under this subsection shall, unless specifically ordered by the court to the contrary, operate as a stay of the Administrator's order.

(i) No proceeding for the suspension or revocation of a basic permit for violation of any condition thereof relating to compliance with Federal law shall be instituted by the Administrator

more than eighteen months after conviction of the violation of Federal law, or, if no conviction has been had, more than three years after the violation occurred; and no basic permit shall be suspended or revoked for a violation of any such condition thereof if the alleged violation of Federal law has been compromised by any officer of the Government authorized to compromise such violation.

UNFAIR COMPETITION AND UNLAWFUL PRACTICES

SEC. 5. It shall be unlawful for any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate:

(a) Exclusive outlet: To require, by agreement or otherwise, that any retailer engaged in the sale of distilled spirits, wine, or malt beverages, purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such requirement is made in the course of interstate or foreign commerce, or if such person engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such requirement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce; or

(b) "Tied house": To induce through any of the following means, any retailer, engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such retailer in interstate or foreign commerce: (1) By acquiring or holding (after the expiration of any existing license) any interest in any license with respect to the premises of the retailer; or (2) by acquiring any interest in real or personal property owned, occupied, or used by the retailer in the conduct of his business; or (3) by furnishing, giving, renting, lending, or selling to the retailer, any equipment, fixtures, signs, supplies, money, services, or other thing of value, subject to such exceptions as the Administrator shall by regulation prescribe, having due regard for public health, the quantity and value of articles involved, established trade customs not contrary to the public interest and the purposes of this subsection; or (4) by paying or crediting the retailer for any advertising, display, or distribution service; or (5) by guaranteeing any loan or the repayment of any financial obligation of the retailer; or (6) by extending to the retailer credit for a period in excess of the credit period usual and customary to the industry for the particular class of transactions, as ascertained by the Administrator and prescribed by regulations by him; or (7) by requiring the retailer to take and dispose of a certain quota of any of such products; or

Unfair competition and unlawful practices.

Classes of persons to whom practices prohibited.

Prohibited practices.

Acquisition of exclusive outlet.

Inducing exclusive purchasing arrangements with retailers.

Through holding interest in retail license.

Acquiring interest in retail premises.

Furnishing things of value.

Paying, etc., for advertising, etc., service.

Guaranteeing loans, etc.

Extending credit to retailer.

Requiring retailer to take products on quota basis.

Inducing exclusive purchasing arrangements with retailers.

(c) Commercial bribery: To induce through any of the following means, any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, to purchase any such products from such person to the exclusion in whole or in part of distilled spirits, wine, or malt beverages sold or offered for sale by other persons in interstate or foreign commerce, if such inducement is made in the course of interstate or foreign commerce, or if such person engages in the practice of using such means, or any of them, to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such inducement is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce: (1) By commercial bribery; or (2) by offering or giving any bonus, premium, or compensation to any officer, or employee, or representative of the trade buyer; or

Through commercial bribery.

Offering bonus to employee of buyer.

Consignment sales.

Prohibited practices.

(d) Consignment sales: To sell, offer for sale, or contract to sell to any trade buyer engaged in the sale of distilled spirits, wine, or malt beverages, or for any such trade buyer to purchase, offer to purchase, or contract to purchase, any such products on consignment or under conditional sale or with the privilege of return or on any basis otherwise than a bona fide sale, or where any part of such transaction involves, directly or indirectly, the acquisition by such person from the trade buyer or his agreement to acquire from the trade buyer other distilled spirits, wine, or malt beverages—if such sale, purchase, offer, or contract is made in the course of interstate or foreign commerce, or if such person or trade buyer engages in such practice to such an extent as substantially to restrain or prevent transactions in interstate or foreign commerce in any such products, or if the direct effect of such sale, purchase, offer, or contract is to prevent, deter, hinder, or restrict other persons from selling or offering for sale any such products to such trade buyer in interstate or foreign commerce: *Provided*, That this subsection shall not apply to transactions involving solely the bona fide return of merchandise for ordinary and usual commercial reasons arising after the merchandise has been sold; or

Proviso.
When provision inapplicable.

Labeling.
Shipment or delivery of products not conforming to labeling regulations.
Post, p. 1152.

Standards for regulations.

To prohibit deception of consumer.

To provide consumer with information respecting product.

To inform consumer respecting use of neutral spirits.

(e) Labeling.—To sell or ship or deliver for sale or shipment, or otherwise introduce in interstate or foreign commerce, or to receive therein, or to remove from customs custody for consumption, any distilled spirits, wine, or malt beverages in bottles, unless such products are bottled, packaged, and labeled in conformity with such regulations, to be prescribed by the Administrator, with respect to packaging, marking, branding, and labeling and size and fill of container (1) as will prohibit deception of the consumer with respect to such products or the quantity thereof and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guarantees, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are hereby prohibited unless required by State law and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 per centum of alcohol by volume), the net contents of the package, and the manufacturer or bottler or importer of the product; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer

of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled; (4) as will prohibit statements on the label that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; and (5) as will prevent deception of the consumer by use of a trade or brand name that is the name of any living individual of public prominence, or existing private or public organization, or is a name that is in simulation or is an abbreviation thereof, and as will prevent the use of a graphic, pictorial, or emblematic representation of any such individual or organization, if the use of such name or representation is likely falsely to lead the consumer to believe that the product has been indorsed, made, or used by, or produced for, or under the supervision of, or in accordance with the specifications of, such individual or organization: *Provided*, That this clause shall not apply to the use of the name of any person engaged in business as a distiller, brewer, rectifier, blender, or other producer, or as an importer, wholesaler, retailer, bottler, or warehouseman, of distilled spirits, wine, or malt beverages, nor to the use by any person of a trade or brand name used by him or his predecessor in interest prior to the date of the enactment of this Act; including regulations requiring, at time of release from customs custody, certificates issued by foreign governments covering origin, age, and identity of imported products: *Provided further*, That nothing herein nor any decision, ruling, or regulation of any Department of the Government shall deny the right of any person to use any trade name or brand of foreign origin not presently effectively registered in the United States Patent Office which has been used by such person or predecessors in the United States for a period of at least five years last past, if the use of such name or brand is qualified by the name of the locality in the United States in which the product is produced, and, in the case of the use of such name or brand on any label or in any advertisement, if such qualification is as conspicuous as such name or brand.

It shall be unlawful for any person to alter, mutilate, destroy, obliterate, or remove any mark, brand, or label upon distilled spirits, wine, or malt beverages held for sale in interstate or foreign commerce or after shipment therein, except as authorized by Federal law or except pursuant to regulations of the Administrator authorizing relabeling for purposes of compliance with the requirements of this subsection or of State law.

In order to prevent the sale or shipment or other introduction of distilled spirits, wine, or malt beverages in interstate or foreign commerce, if bottled, packaged, or labeled in violation of the requirements of this subsection, no bottler, or importer of distilled spirits, wine, or malt beverages, shall, after such date as the Administrator fixes as the earliest practicable date for the application of the provisions of this subsection to any class of such persons (but not later than March 1, 1936, and only after thirty days' public notice), bottle or remove from customs custody for consumption distilled spirits, wine, or malt beverages, respectively, unless the bottler or importer, upon application to the Administrator, has obtained and has in his possession a certificate of label approval covering the distilled spirits, wine, or malt beverages, issued by the Administrator in such manner and form as he shall by regulations prescribe: *Provided*, That any such bottler shall be exempt from the requirements of this subsection if the bottler, upon application to the Administrator, shows to the satisfaction of the Administrator

To prohibit disparaging statements on labels.

To prevent deception of consumer through misleading labels.

Proviso.
Limitation on application of clause.

Use of trade name or brand of foreign origin.
Post, p. 1966.

Alteration, mutilation, etc., of mark, etc., on beverages in interstate commerce.

Removal for consumption of beverages from customs custody.
Post, p. 1965.

Prohibited unless approved certificate of label issued.

Proviso.
Exemption when beverage not for shipment.

Withholding release of beverage unless certificate obtained.

Jurisdiction of courts over action of Administrator upon applications.

Advertising. Prohibition on use of matter not conforming to regulations.

To prevent deception of consumer.

To provide consumer with information respecting product.

To require accurate statement respecting neutral spirits content.

To prohibit disparaging statements.

To prevent statements inconsistent with label statements. Outdoor advertising.

Classes of persons to whom prohibitions not applicable.

Provisions not applicable to State agencies.

that the distilled spirits, wine, or malt beverages to be bottled by the applicant are not to be sold, or offered for sale, or shipped or delivered for shipment, or otherwise introduced, in interstate or foreign commerce. Officers of internal revenue and customs are authorized and directed to withhold the release of such products from the bottling plant or customs custody unless such certificates have been obtained, or unless the application of the bottler for exemption has been granted by the Administrator. The district courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory, shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Administrator upon any application under this subsection; or

(f) Advertising: To publish or disseminate or cause to be published or disseminated by radio broadcast, or in any newspaper, periodical or other publication or by any sign or outdoor advertisement or any other printed or graphic matter, any advertisement of distilled spirits, wine, or malt beverages, if such advertisement is in, or is calculated to induce sales in, interstate or foreign commerce, or is disseminated by mail, unless such advertisement is in conformity with such regulations, to be prescribed by the Administrator, (1) as will prevent deception of the consumer with respect to the products advertised and as will prohibit, irrespective of falsity, such statements relating to age, manufacturing processes, analyses, guaranties, and scientific or irrelevant matters as the Administrator finds to be likely to mislead the consumer; (2) as will provide the consumer with adequate information as to the identity and quality of the products advertised, the alcoholic content thereof (except that statements of, or statements likely to be considered as statements of, alcoholic content of malt beverages are prohibited and except that, in case of wines, statements of alcoholic content shall be required only for wines containing more than 14 per centum of alcohol by volume), and the person responsible for the advertisement; (3) as will require an accurate statement, in the case of distilled spirits (other than cordials, liqueurs, and specialties) produced by blending or rectification, if neutral spirits have been used in the production thereof, informing the consumer of the percentage of neutral spirits so used and of the name of the commodity from which such neutral spirits have been distilled, or in case of neutral spirits or of gin produced by a process of continuous distillation, the name of the commodity from which distilled; (4) as will prohibit statements that are disparaging of a competitor's products or are false, misleading, obscene, or indecent; (5) as will prevent statements inconsistent with any statement on the labeling of the products advertised. This subsection shall not apply to outdoor advertising in place on June 18, 1935, but shall apply upon replacement, restoration, or renovation of any such advertising. The prohibitions of this subsection and regulations thereunder shall not apply to the publisher of any newspaper, periodical, or other publication, or radio broadcaster, unless such publisher or radio broadcaster is engaged in business as a distiller, brewer, rectifier, or other producer, or as an importer or wholesaler, of distilled spirits, wine, or malt beverages, or as a bottler, or warehouseman and bottler, of distilled spirits, directly or indirectly or through an affiliate.

The provisions of subsections (a), (b), and (c) shall not apply to any act done by an agency of a State or political subdivision thereof, or by any officer or employee of such agency.

In the case of malt beverages, the provisions of subsections (a), (b), (c), and (d) shall apply to transactions between a retailer or trade buyer in any State and a brewer, importer, or wholesaler of malt beverages outside such State only to the extent that the law of such State imposes similar requirements with respect to similar transactions between a retailer or trade buyer in such State and a brewer, importer, or wholesaler of malt beverages in such State, as the case may be. In the case of malt beverages, the provisions of subsections (e) and (f) shall apply to the labeling of malt beverages sold or shipped or delivered for shipment or otherwise introduced into or received in any State from any place outside thereof, or the advertising of malt beverages intended to be sold or shipped or delivered for shipment or otherwise introduced into or received in any State from any place outside thereof, only to the extent that the law of such State imposes similar requirements with respect to the labeling or advertising, as the case may be, of malt beverages not sold or shipped or delivered for shipment or otherwise introduced into or received in such State from any place outside thereof.

Malt beverages; provisions applicable to interstate transactions.

Labeling provisions.

The Administrator shall give reasonable public notice, and afford to interested parties opportunity for hearing, prior to prescribing regulations to carry out the provisions of this section.

Notice prior to prescribing regulations; hearings.

BULK SALES AND BOTTLING

SEC. 6. (a) It shall be unlawful for any person—

(1) To sell or offer to sell, contract to sell, or otherwise dispose of distilled spirits in bulk except, under regulations of the Administrator, for export or to the following, or to import distilled spirits in bulk except, under such regulations, for sale to or for use by the following: A distiller, rectifier of distilled spirits, person operating a bonded warehouse qualified under the internal-revenue laws or a class 8 bonded warehouse qualified under the customs laws, a winemaker for the fortification of wines, a proprietor of an industrial alcohol plant, or an agency of the United States or any State or political subdivision thereof.

Bulk sales and bottling.

Unlawful practices.

Bulk sales of distilled spirits.

(2) To sell or offer to sell, contract to sell, or otherwise dispose of warehouse receipts for distilled spirits in bulk unless such warehouse receipts require that the warehouseman shall package such distilled spirits, before delivery, in bottles labeled and marked in accordance with law, or deliver such distilled spirits in bulk only to persons to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk.

Sales of warehouse receipts for distilled spirits.

(3) To bottle distilled spirits unless the bottler is a person to whom it is lawful to sell or otherwise dispose of distilled spirits in bulk.

Bottling distilled spirits.

(b) Any person who violates the requirements of this section shall, upon conviction thereof, be fined not more than \$5,000 or imprisoned for not more than one year or both, and shall forfeit to the United States all distilled spirits with respect to which the violation occurs and the containers thereof.

Punishment for violations.

(c) The term "in bulk" means in containers having a capacity in excess of one wine gallon.

"In bulk" construed.

PENALTIES

SEC. 7. The District Courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory, of the District where the offense is committed or threatened or of which the offender is an inhabitant or has his principal place of business, are hereby vested with jurisdiction of any suit brought by

Penalties.

Jurisdiction of courts.

Violations of sections 3 and 5; punishment.

Compromise of liabilities.

the Attorney General in the name of the United States, to prevent and restrain violations of any of the provisions of this Act. Any person violating any of the provisions of sections 3 or 5 shall be guilty of a misdemeanor and upon conviction thereof be fined not more than \$1,000 for each offense. Subject to the approval of the Attorney General, the Administrator is authorized, with respect to any violation of this Act, to compromise the liability arising with respect to such violation (1) upon payment of a sum not in excess of \$500 for each offense, to be collected by the Administrator and to be paid into the Treasury as miscellaneous receipts, and (2) in case of repetitious violations and in order to avoid multiplicity of criminal proceedings, upon agreement to a stipulation that the United States may, on its own motion upon five days' notice to the violator, cause a consent decree to be entered by any court of competent jurisdiction enjoining the repetition of such violation.

Interlocking directorates.

Prohibition.

INTERLOCKING DIRECTORATES

Exception when application approved by Administrator; showing required.

Action of Administrator on application.

Jurisdiction of courts to review.

Exceptions to prohibition.

Existing companies with interlocking directorates.

Companies complying with State laws.

SEC. 8. (a) Except as provided in subsection (b), it shall be unlawful for any individual to take office, after the date of the enactment of this Act, as an officer or director of any company, if his doing so would make him an officer or director of more than one company engaged in business as a distiller, rectifier, or blender of distilled spirits, or of any such company and of a company which is an affiliate of any company engaged in business as a distiller, rectifier, or blender of distilled spirits, or of more than one company which is an affiliate of any company engaged in business as a distiller, rectifier, or blender of distilled spirits, unless, prior to taking such office, application made by such individual to the Administrator has been granted and after due showing has been made to him that service by such individual as officer or director of all the foregoing companies of which he is an officer or director together with service in the company with respect to which application is made will not substantially restrain or prevent competition in interstate or foreign commerce in distilled spirits. The Administrator shall, by order, grant or deny such application on the basis of the proof submitted to him and his finding thereon. The District Courts of the United States, the Supreme Court of the District of Columbia, and the United States court for any Territory shall have jurisdiction of suits to enjoin, annul, or suspend in whole or in part any final action by the Administrator upon any application under this subsection.

(b) An individual may, without regard to the provisions of subsection (a), take office as an officer or director of a company described in subsection (a) while holding the position of officer or director of any other such company if such companies are affiliates at the time of his taking office and if—

(1) Such companies are affiliates on the date of the enactment of this Act; or

(2) Each of such companies has been organized under the law of a State to comply with a requirement thereof under which, as a condition of doing business in such State, such company must be organized under the law of such State; or

(3) One or more such companies has been organized under the law of a State to comply with a requirement thereof under which, as a condition of doing business in such State, such company must be organized under the laws of such State, and the other one or more of such companies not so organized, is in existence on the date of the enactment of this Act; or

(4) One or more of such companies has been organized under the law of a State to comply with a requirement thereof under which, as a condition of doing business in such State, such company must be organized under the law of such State, and not more than one of such companies is a company which has not been so organized and which has been organized after the date of the enactment of this Act.

(c) As used in this section, the term "company" means a corporation, joint stock company, business trust, or association, but does not include any agency of a State or political subdivision thereof or any officer or employee of any such agency.

(d) Any individual taking office in violation of this section shall be punished by a fine of not exceeding \$1,000.

"Company" construed.

Punishment for violation.

DISPOSAL OF FORFEITED ALCOHOLIC BEVERAGES

SEC. 9. (a) All distilled spirits, wine, and malt beverages forfeited, summarily or by order of court, under any law of the United States, shall be delivered to the Secretary of the Treasury to be disposed of as hereinafter provided.

(b) The Secretary of the Treasury shall dispose of all distilled spirits, wine, and malt beverages which have been delivered to him pursuant to subsection (a)—

(1) By delivery to such Government agencies as, in his opinion, have a need for such distilled spirits, wine, or malt beverages for medicinal, scientific, or mechanical purposes; or

(2) By gift to such eleemosynary institutions as, in his opinion, have a need for such distilled spirits, wine, or malt beverages for medicinal purposes; or

(3) By destruction.

(c) No distilled spirits, wine, or malt beverages which have been seized under any law of the United States, may be disposed of in any manner whatsoever except after forfeiture and as provided in this section.

(d) The Secretary of the Treasury is authorized to make all rules and regulations necessary to carry out the provisions of this section.

Forfeited alcoholic beverages.

Delivery to Secretary of Treasury. *Post*, p. 1966.

Disposition.

Restriction on other disposition.

Rules and regulations.

FEDERAL ALCOHOL CONTROL ADMINISTRATION

SEC. 10. The Federal Alcohol Control Administration established by Executive order under the provisions of Title I of the National Industrial Recovery Act is hereby abolished. All papers, records, and property of such Federal Alcohol Control Administration are hereby transferred to the Administrator. This section shall take effect on the date that the Administrator first appointed under this Act takes office.

SEC. 11. Section 610 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1310), is amended by adding at the end thereof the following new paragraph:

"The provisions of the internal-revenue laws applicable to natural wine shall apply in the same manner and to the same extent to citrus-fruit wines which are the product of normal alcoholic fermentation of the juice of sound ripe citrus fruit (except lemons and limes), with or without the addition of dry cane, beet, or dextrose sugar (containing, respectively, not less than 95 per centum of actual sugar, calculated on a dry basis) for the purpose of perfecting the product according to standards, but without the addition or abstraction of other substances, except as may occur in the usual cellar treatment of clarifying or aging."

Federal Alcohol Control Administration.

Abolishment.

Transfer of records.

Effective date.

Revenue Act of 1918. Vol. 40, p. 1109; U. S. C., p. 1166.

Citrus-fruit wines. *Post*, p. 1957.

Vol. 40, p. 1110; Vol. 45, p. 868; Vol. 48, p. 314; U. S. C., p. 1164.

Fortification of wines; withdrawals from fruit distillery or bonded warehouses.
Post, p. 1957.

Provisos.
Tax levy.

Restriction.

Tax-free with-
drawals; regulations.

Vol. 40, p. 1110; Vol. 48, p. 314; U. S. C., p. 1164.

Tax rate on liqueurs, etc., containing citrus-fruit wine, etc.

Post, p. 1952.

Vol. 26, p. 621;

Vol. 40, p. 1111; U. S. C., p. 1164.

Fortification of pure sweet wines.

Post, p. 1958.

Use of citrus-fruit
brandy.

R. S., sec. 3255, p. 627;
U. S. C., p. 1148.
Vol. 40, p. 1114.

Exemption of dis-
tillers of brandy from
requirements relating
to spirits manufacture.
Post, p. 1959.

SEC. 12. Section 612 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1301), is amended to read as follows:

"SEC. 612. That under such regulations and official supervision and upon the giving of such notices, entries, bonds, and other security as the Commissioner, with the approval of the Secretary, may prescribe, any producer of wines defined under the provisions of this title may withdraw from any fruit distillery or special bonded warehouse grape brandy, or wine spirits, for the fortification of such wines on the premises where actually made, and any producer of citrus-fruit wines may similarly withdraw citrus-fruit brandy for the fortification of citrus-fruit wines on the premises where actually made: *Provided*, That there shall be levied and assessed against the producer of such wines or citrus-fruit wines a tax (in lieu of the internal-revenue tax now imposed thereon by law) of 20 cents per proof gallon of grape brandy, citrus-fruit brandy, or wine spirit whenever withdrawn and hereafter so used by him in the fortification of such wines or citrus-fruit wines during the preceding month, which assessment shall be paid by him within ten months from the date of notice thereof: *Provided further*, That nothing contained in this section shall be construed as exempting any wines, citrus-fruit wines, cordials, liqueurs, or similar compounds from the payment of any tax provided for in this title.

"Any such wines or citrus-fruit wines may, under such regulations as the Secretary may prescribe, be sold or removed tax free for the manufacture of vinegar, or for the production of dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume.

"The taxes imposed by this section shall not apply to dealcoholized wines containing less than one-half of 1 per centum of alcohol by volume."

SEC. 13. Section 613 of the Revenue Act of 1918, as amended (U. S. C., Supp. VII, title 26, sec. 1300 (a) (2)), is amended by inserting after "grape brandy" a comma and the following: "or containing citrus-fruit wine fortified with citrus-fruit brandy."

SEC. 14. Section 42 of the Act entitled "An Act to reduce the revenue and equalize duties on imports, and for other purposes", approved October 1, 1890, as amended (U. S. C., Supp. VII, title 26, sec. 1302 (a)), is amended by inserting at the end thereof the following new paragraph:

"The provisions of this section and section 43 shall apply to the use of citrus-fruit brandy in the preparation of fortified citrus-fruit wines in the same manner and to the same extent as such provisions apply to the use of wine spirits in the fortification of sweet wines, except that no brandy (other than a citrus-fruit brandy) may be used in the fortification of citrus-fruit wine and a citrus-fruit brandy prepared from one kind of citrus fruit may not be used for the fortification of a citrus-fruit wine prepared from another kind of citrus fruit or for the fortification of a wine prepared from any fruit other than citrus fruit."

SEC. 15. Section 3255 of the Revised Statutes, as amended (U. S. C., Supp. VII, title 26, sec. 1176), is amended to read as follows:

"SEC. 3255. The Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, may exempt distillers of brandy made exclusively from apples, peaches, grapes, oranges, pears, pineapples, apricots, berries, plums, pawpaws, persimmons, prunes, figs, cherries, dates, or citrus fruits (except lemons and limes) from any provision of the internal-revenue laws relating to the manufac-

ture of spirits, except as to the tax thereon, when in his judgment it may seem expedient to do so: *Provided*, That where, in the manufacture of wine or citrus-fruit wine, artificial sweetening has been used, the wine, or the fruit pomace residuum thereof, or the citrus-fruit wine may be used in the distillation of brandy or citrus-fruit brandy, as the case may be, and such use shall not prevent the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury, from exempting such distiller from any provision of the internal-revenue laws relating to the manufacture of spirits, except as to the tax thereon, when in his judgment it may seem expedient to do so: *And provided further*, That the distillers mentioned in this section may add to not less than five hundred gallons (ten barrels) of grape cheese not more than five hundred gallons of a sugar solution made from cane, beet, starch, or corn sugar, 95 per centum pure, such solution to have a saccharine strength of not to exceed 10 per centum, and may ferment the resultant mixture on a winery or distillery premises, and such fermented product shall be regarded as distilling material."

Provisos.
When artificial sweetening used in wine manufacture.

Sugar solution additions.

SEC. 16. (a) Section 1 of the Act of March 3, 1877, as amended (U. S. C., Supp. VII,¹ sec. 1250), is amended by striking out "not exceeding ten in numbers in any one collection-district," and by inserting at the end of such section the following new paragraph:

Vol. 19, p. 393; U. S. C., p. 1159.
Special bonded warehouses; number.

"The Commissioner of Internal Revenue, under such regulations as he may promulgate from time to time with the approval of the Secretary of the Treasury, may, in his discretion, establish such warehouses adjacent to distilleries, and may, in his discretion, permit the removal of brandy directly from the distillery to such warehouses, and from such warehouses to the distillery warehouse of the producing distiller."

Establishment of warehouses adjacent to distilleries; removal of brandy.

(b) Section 51 of the Act of August 27, 1894, as amended (U. S. C., Supp. VII,¹ sec. 1265), is amended by striking out "not exceeding ten in number in any one collection district," and by inserting at the end of such section the following new paragraph:

Vol. 28, p. 564; U. S. C., p. 1160.
Post, p. 1961.

"The Commissioner of Internal Revenue, under such regulations as he may promulgate from time to time with the approval of the Secretary of the Treasury, may, in his discretion, establish such warehouses adjacent to distilleries, and may, in his discretion, permit the removal of spirits directly from the distillery to such warehouses, and from such warehouses to the distillery warehouse of the producing distiller."

Removal of spirits.

MISCELLANEOUS

SEC. 17. (a) As used in this Act—

(1) The term "Administrator" means the head of the Federal Alcohol Administration.

Miscellaneous.

Definitions.
"Administrator."

(2) The term "United States" means the several States and Territories and the District of Columbia; the term "State" includes a Territory and the District of Columbia; and the term "Territory" means Alaska, Hawaii, and Puerto Rico.

"United States";
"State."

"Territory."

(3) The term "interstate or foreign commerce" means commerce between any State and any place outside thereof, or commerce within any Territory or the District of Columbia, or between points within the same State but through any place outside thereof.

"Interstate or foreign commerce."

(4) The term "person" means individual, partnership, joint stock company, business trust, association, corporation, or other form of business enterprise, including a receiver, trustee, or liquidating agent and including an officer or employee of any agency of a State or political subdivision thereof; and the term "trade buyer" means any person who is a wholesaler or retailer.

"Person."

"Trade buyer."

¹ So in original.

"Affiliate."

(5) The term "affiliate" means any one of two or more persons if one of such persons has actual or legal control, directly or indirectly, whether by stock ownership or otherwise, of the other or others of such persons; and any one of two or more persons subject to common control, actual or legal, directly or indirectly, whether by stock ownership or otherwise.

"Distilled spirits."

(6) The term "distilled spirits" means ethyl alcohol, hydrated oxide of ethyl, spirits of wine, whiskey, rum, brandy, gin, and other distilled spirits, including all dilutions and mixtures thereof, for non-industrial use.

"Wine."

Vol. 40, p. 1110; U. S. C., p. 1164.

(7) The term "wine" means (1) wine as defined in section 610 and section 617 of the Revenue Act of 1918 (U. S. C., title 26, secs. 441 and 444) as now in force or hereafter amended, and (2) other alcoholic beverages not so defined, but made in the manner of wine, including sparkling and carbonated wine, wine made from condensed grape must, wine made from other agricultural products than the juice of sound, ripe grapes, imitation wine, compounds sold as wine, vermouth, cider, perry, and sake; in each instance only if containing not less than 7 per centum and not more than 24 per centum of alcohol by volume, and if for non-industrial use.

"Malt beverage."

(8) The term "malt beverage" means a beverage made by the alcoholic fermentation of an infusion or decoction, or combination of both, in potable brewing water, of malted barley with hops, or their parts, or their products, and with or without other malted cereals, and with or without the addition of unmalted or prepared cereals, other carbohydrates or products prepared therefrom, and with or without the addition of carbon dioxide, and with or without other wholesome products suitable for human food consumption.

"Bottle."

(9) The term "bottle" means any container, irrespective of the material from which made, for use for the sale of distilled spirits, wine, or malt beverages at retail.

Reservation of right to amend.

(b) The right to amend or repeal the provisions of this Act is expressly reserved.

Separability of provisions.

(c) If any provision of this Act, or the application of such provision to any person or circumstance, is held invalid, the remainder of the Act and the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

Approved, August 29, 1935.

[CHAPTER 815.]

JOINT RESOLUTION

To authorize the acceptance of bids for Government contracts made subject to codes of fair competition.

August 29, 1935.
[S. J. Res. 163.]
[Pub. Res., No. 65.]

Government contracts.
Acceptance of bids made subject to codes of fair competition.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That no bid submitted prior to the enactment of this joint resolution in response to the invitation of any executive department, independent establishment, or other agency or instrumentality of the United States, the District of Columbia, or any corporation all the stock of which is owned by the United States (all of the foregoing being hereinafter designated as "agencies of the United States"), if otherwise valid and acceptable, shall be rejected because made subject to the provisions of any code or codes of fair competition, or any related requirements (as provided in Executive Order Numbered 6646 of March 14, 1934), if the bidder, with the assent of his surety, shall agree in writing that the contract, if entered into, shall, in lieu of such code provisions or other related requirements, be subject to all Acts of Congress,

Requirement.